



Rural Maryland Council 2018 Legislative Review

The 2018 Maryland General Assembly Legislative Session was a strong year for rural communities. Highlights for the RMC included **FULL FUNDING** for the *Rural Maryland Prosperity Investment Fund* in the State's Fiscal Year 2019 Operating Budget. The Council thanks Governor Hogan and the Maryland General Assembly for their support of the Rural Maryland Council and rural communities. Other highlights include full funding for Program Open Space, three additional years of funding for the Next Generation Farm Land Acquisition Program, and increased Highway User Fund Revenues for Fiscal Year 2019.

The Council would like to acknowledge the unexpected passing of Senator Wayne Norman (District 35 – Harford and Cecil). Senator Norman served in the Maryland General Assembly for 10 years and will be greatly missed.

The Legislative Committee met bi-weekly to review legislative efforts, advance its legislative priorities and increase work with legislators. Other activities included testifying before standing committees, working with the Rural Caucus and local rural delegations, as well as drafting and submitting written position statements.

This year, Governor Hogan proclaimed February 8, 2018 as Rural Maryland Day. As part of Rural Maryland Day, the RMC welcomed more than 100 rural advocates to meet with dozens of elected officials and staff. The RMC was officially recognized during floor sessions in the State House and, in partnership with the Maryland Association of Soil Conservation Districts, hosted a luncheon with over 250 attendees.

The State's Fiscal Year 2019 Operating and Capital budget were passed with bipartisan support. The Fiscal Year 2019 Budget Bill, Senate Bill 185, provides \$44.6 billion in appropriations— an increase of \$981.4 million (2.3%) above fiscal 2018. State aid to local governments will total \$7.7 billion in fiscal 2019, representing a \$226.3 million, or a 3%, increase over fiscal 2018. State aid under the Thornton foundation program will total \$3.1 billion in fiscal 2019, a \$50.9 million, or 1.7%, increase from the prior year. The increases are due to the fact that there is a one-time increase in tax revenues due to how the federal tax reform affects Maryland taxpayers.

Absent one-time spending, the forecast of ongoing general fund revenue and spending shows a structural deficit in excess of \$800 million in fiscal 2020, growing to \$1.8 billion by fiscal 2023.

RMC Budget Priorities achieved:

- RMC will receive \$6,167,000 million in funding for the Rural Maryland Prosperity Investment Fund (Full Funding!)
- Additionally, the Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF) receives \$167,000
- The five Regional Councils are funded at \$200,000 each
- The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) will receive its core funding at \$2,873,000
- The *Next Generation Farmland Acquisition Program* receives \$2.5 million in Fiscal Year 2019, with an additional commitment for \$2.5 million each in Fiscal Years 2020, 2021, and 2022.

RMC Legislative Highlights:

HB 243/SB 968 - Task Force on Rural Internet, Broadband, Wireless, and Cellular Service - Study and Extension, was passed this session and extends the work of the broadband study task force. As a result, the Task Force will continue to meet and will issue a report of recommendations for expanding broadband access to unserved and underserved communities by November 30, 2018. In addition, **HB 961 - Department of Housing and Community Development – Rural Broadband Service – Inventory and Mapping of Assets**, passed this session and the bill would task the Department of Housing and Community Development with conducting an inventory of state assets for broadband expansion to unserved and underserved areas of Maryland. **SB1188 – Wireless Facilities – Permitting and Siting**, was introduced, but not passed, with the intent to establish model local legislation regarding permitting and siting of telecommunications equipment. While industry wants more consistency in working with different jurisdictions in order to facilitate broadband

expansion, local governments objected to several major provisions. It is expected that conversations regarding local permitting and siting will continue throughout the coming year.

In addition, the Council testified in support of **HB 526/SB 955 - Income Tax - Angel Investor Tax Credit Program**. Senator Adelaide Eckardt (District 37 – Caroline, Dorchester, Talbot and Wicomico) and Delegate Brooke Lierman (District 46 – Baltimore City) worked hard on the bill, but it failed to receive a vote in committee. The Council also provided testimony in support for **HB 109/SB 821 – Community Development Program Act of 2018**. This bill establishes the Community Development Fund to provide financial assistance to community development projects and community development organizations around the State, and was successfully passed.

As for agriculture, the Maryland Department of Agriculture sponsored legislation in support of agritourism (HB 252) and the Council provided support testimony for **HB 43 – Income Tax – Subtraction Modification – Perpetual Conservation Easements**. In addition, the Council also provided favorable testimony for **HB 870/SB 1065 – Public Schools – Agricultural Education Programs**; **HB 1120 – Land Use – Zoning – Agritourism Activities**; **HB 1141 – Building Performance Standards – Agricultural Buildings Used for Agritourism – Exemption**; **HB 1229 – Maryland Agricultural Land Preservation Foundation – Use of Land – Signs and Outdoor Advertising Displays**; and, **HB 1351 – Agriculture – Easements – Special Occasion Events**.

Further, the budget committees approved funding for:

- Program Open Space – Stateside: \$54,000,000
- Program Open Space – Local: \$53,300,000
- Rural Legacy Program: \$20,000,000
- Maryland Agricultural Land Preservation Program: \$40,500,000

To protect local roadway infrastructure, the State shares various transportation revenues, commonly referred to as Highway User Revenues (HUR), with local governments and municipalities. In Fiscal Year 2019, Counties and Municipalities will receive 1.5% of Highway User Revenues, a significant increase from previous years. In fiscal 2019, \$27.8 million (1.5%) is distributed to counties; and \$7.4 million (0.4%) is distributed to municipalities, for a total of \$178.1 million. The fiscal 2019 budget further increased the funding for capital transportation grants to \$57.9 million – \$29.9 million for counties, and \$22.5 million for municipalities.

Highlights for rural health care include the passage of the Mid-Shore Rural Health Collaborative, a regional partnership that will lead in building a rural health system that enhances access to and utilization of health care services designed to meet certain goals (SB 1056). The Maryland Health Care Commission, in consultation with the Office of Minority Health and Health Disparities, the Maternal and Child Health Bureau, the Vital Statistics Administration, and interested stakeholders, will conduct a study on the mortality rates of African American infants and infants in rural areas (HB 716/SB 266). A report will be due November 1, 2019.

Related to education funding, the Kirwan Commission on Innovation and Excellence in Education released its preliminary report in January 2018, and recommended at least \$450 million, in addition to the current state funding levels defined by the Thornton formula, be allocated in the budget to enable Maryland's preK-12 system to perform at the level of the best-performing systems in the world. Senate Bill 1122 (passed) proposes an amendment to the Maryland Constitution that will, if approved by the voters at the 2018 general election, require the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020.

The Maryland Metro/Transit Fund Act (HB 372/SB 277), passed this session, and requires an annual grant of at least \$167,000,000 from the Fund Account to pay capital costs of the Washington Metropolitan Area Transit Authority. Both the education and metro funding are expected to have considerable impacts on budget allocations for future years.

The RMC is grateful for the hard work of its Legislative Committee and rural advocates who made the 2018 session a success.

For more information, visit the RMC's website at: rural.maryland.gov
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